

North Coldstream Mines Limited

Annual Report



For Year Ended December 31, 1967

North Coldstream Mines Limited

OFFICERS	G. D. PATTISON, C.A. - - - - - President
	P. S. CROSS, B.Sc., P.Eng. - - - - - Vice-President
	R. D. BELL, C.A. - - - - - Secretary-Treasurer
	J. P. BRISBOIS, C.A. - - - - - Assistant Secretary-Treasurer
DIRECTORS	R. D. BELL, C.A. - - - - - Toronto, Ontario
	J. P. BRISBOIS, C.A. - - - - - Toronto, Ontario
	P. S. CROSS, B.Sc., P.Eng. - - - - - Toronto, Ontario
	K. A. DAVIS - - - - - Toronto, Ontario
	E. T. DONALDSON - - - - - Toronto, Ontario
	A. B. LASH - - - - - Toronto, Ontario
	G. D. PATTISON, C.A. - - - - - Aurora, Ontario
AUDITORS	CLARKSON, GORDON & CO. - - 15 Wellington St. W., Toronto, Ont.
REGISTRAR AND TRANSFER AGENT	EASTERN & CHARTERED TRUST COMPANY - 1901 Yonge St., Toronto, Ontario
HEAD OFFICE	SUITE 509, 25 ADELAIDE STREET WEST - - - - - Toronto, Ontario

North Coldstream Mines Limited

Directors' Report

To the Shareholders:

Submitted with this report are the financial statements of your Company for the year ended December 31, 1967, with Auditors' Report dated April 26, 1968.

Mining of all known ore at the Company's property at Burchell Lake, Ontario ceased on August 3, 1967 and the mill ceased grinding two days later. During the year, 198,946 tons of ore were milled grading 1.51% copper at an average rate of 917 tons per day. Average recovery of copper was 94.9%.

The gross value of metal production, before mining, milling, and marketing charges was \$2,812,349. Operating profits for the year 1967 before depreciation, other amounts written off and income taxes amounted to \$1,183,535. Net income for the year, after write offs, income taxes and including gain on disposal of plant amounted to \$965,688.

Immediately after close down steps were taken to dispose of the Company's plant and equipment at Burchell Lake. Up to the end of the year certain equipment had been sold at a gain of \$268,380. It is hoped that the remaining plant and equipment, including the townsite can be disposed of during 1968 at the best prices available.

The Company is pursuing an active policy of mineral exploration and property examination.

On behalf of the Board,

G. D. PATTISON,
President.

Toronto, Ontario,
May 9, 1968.

North Coldstream

(Incorporated under the laws of the Province of Ontario)

Balance Sheet

(with comparative figures for 1966)

ASSETS

	1967	1966
Current:		
Cash	\$ 508,030	\$ 232,535
Short-term notes	1,290,000	560,000
Marketable securities, at cost (approximate market value \$9,150)	9,935	
Accounts and interest receivable	54,080	21,132
Metal settlements outstanding at estimated realizable value	23,549	1,581,067
	<u>1,885,594</u>	<u>2,394,734</u>
Investment in shares of Mogul Mines Limited (note 2)	<u>7,000,000</u>	<u>7,000,000</u>
Other:		
Mining properties, plant, equipment and stores (note 1)	146,631	370,122
Special refundable tax	94,914	68,080
Power line and other hydro deposits		55,956
Preproduction and development expenses less amounts written off		49,438
	<u>241,545</u>	<u>543,596</u>
	<u>\$9,127,139</u>	<u>\$9,938,330</u>

AUDITORS

To the Shareholders of
North Coldstream Mines Limited:

We have examined the balance sheet of North Coldstream Mines Limited as at December 31, 1967, and the statements of income and earned surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Canada,
April 26, 1968.

e laws of Ontario)

December 31, 1966)

Current:

Accounts payable and accrued charges	\$ 50,270	\$ 214,373
Mining and other taxes payable	325,845	150,520
Note payable		1,447,101
Current portion of amount payable for mining rights		341,000
	<u>376,115</u>	<u>2,152,994</u>

Capital —

Authorized:

7,000,000 shares of no par value

Issued:

5,438,696 shares 7,454,349 7,454,349

Earned surplus	1,296,675	330,987
	<u>8,751,024</u>	<u>7,785,336</u>

On behalf of the Board:

G. D. PATTISON, Director.

R. D. BELL, Director.

\$9,127,139	\$9,938,330
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(See accompanying notes)

REPORT

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent, except for the change in basis of providing for the amortization of mining properties described in note 1, with that of the preceding year.

CLARKSON, GORDON & CO.,
Chartered Accountants.

North Coldstream Mines Limited

Statement of Income and Earned Surplus

YEAR ENDED DECEMBER 31, 1967

(with comparative figures for 1966)

	1967	1966
Revenue:		
From production	\$2,812,349	\$5,313,538
Interest and sundry	39,334	64,294
	<u>2,851,683</u>	<u>5,377,832</u>
Expense:		
Cost of metal production including mining, milling and marketing charges ..	1,417,019	2,698,548
Administrative and general (note 4)	66,354	84,030
Interest	28,872	149,622
Outside exploration	76,903	18,219
Mining tax	79,000	155,000
	<u>1,668,148</u>	<u>3,105,419</u>
Income before depreciation, other amounts written off, extraordinary items and income taxes	1,183,535	2,272,413
Depreciation on plant, buildings and equipment	24,070	653,256
Mining properties amortization (note 1)		332,999
Preproduction and development expenses	49,438	769,474
	<u>73,508</u>	<u>1,755,729</u>
Income before the undernoted	1,110,027	516,684
Extraordinary items:		
Gain on disposal of plant, buildings and equipment	268,380	
Close down costs of mining operation	(171,719)	
	<u>96,661</u>	
Net income for the year before income taxes	1,206,688	516,684
Income taxes	241,000	
Net income for the year	965,688	516,684
Earned surplus (deficit) at beginning of year	330,987	(185,697)
Earned surplus at end of year	<u>\$1,296,675</u>	<u>\$ 330,987</u>

(See accompanying notes)

North Coldstream Mines Limited

Statement of Source and Application of Funds

YEAR ENDED DECEMBER 31, 1967

(with comparative figures for 1966)

	<u>1967</u>	<u>1966</u>
Funds provided:		
From operations —		
Net income for the year	\$ 965,688	\$ 516,684
Add charges to operations which did not require an outlay of funds:		
Depreciation	24,070	653,256
Preproduction and development expenses	49,438	769,474
Amortization of mining properties		98,999
	<u>1,039,196</u>	<u>2,038,413</u>
Reduction in power line and other hydro deposits	55,956	12,199
Reduction in inventory of stores	201,974	105,047
Total funds provided	<u>1,297,126</u>	<u>2,155,659</u>
Funds applied:		
Payment of special refundable tax	26,834	68,080
Purchase of shares in Mogul Mines Limited		6,000,000
Reduction of deferred liability		107,000
Other	2,553	2,899
Total funds expended	<u>29,387</u>	<u>6,177,979</u>
Increase (decrease) in working capital in year	1,267,739	(4,022,320)
Working capital at beginning of year	241,740	4,264,060
Working capital at end of year	<u>\$1,509,479</u>	<u>\$ 241,740</u>

(See accompanying notes)

North Coldstream Mines Limited

Notes to Financial Statements

DECEMBER 31, 1967

1. Mining properties, plant, equipment and stores

In August 1967, mining operations at Burchell Lake terminated. The company disposed of certain of the equipment and stores in 1967 and is currently attempting to dispose of the remainder. Pending disposition, these assets are carried as follows:

	1967	1966
Plant, buildings, and equipment — at cost	\$3,233,968	\$4,356,073
Less accumulated depreciation	3,233,968	4,331,637
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Mining properties, at cost less amounts written off	141,631	24,436
Mining stores at estimated net realizable value (cost for 1966)	5,000	138,712
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	\$ 146,631	\$ 370,122
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Mining properties were not written down during year, since it is expected that the proceeds from the assets noted above will in aggregate exceed their carrying value. If these properties had been amortized on a basis consistent with the preceding year, the net income for the year would have been reduced by \$138,712.

2. Investment in shares of Mogul Mines Limited

The investment in Mogul Mines Limited (formerly Consolidated Mogul Mines Limited) represents approximately 26% of the issued shares of that company. These shares had a quoted market value of \$9,300,000 at December 31, 1967, (\$6,500,000 at December 31, 1966) however, this does not necessarily represent the value of this investment which may be more or less than that indicated by market quotations.

3. Income taxes

As a result of claiming for income tax purposes, depreciation charged against income in prior years, income taxes payable for the year were reduced by approximately \$121,000.

4. Remuneration of directors and officers

The direct remuneration of directors and senior officers (as defined by The Corporations Act) for the year ended December 31, 1967 was as follows:

Directors and executive officers	\$ 1,250
Other employees	46,673
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	\$ 47,923
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